

ALPHA ENERGY HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200310813H)

RECEIPT OF NO OBJECTION FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) TO THE COMPANY’S APPLICATION FOR WAIVER FROM COMPLIANCE WITH CATALIST RULE 1015 IN RESPECT OF MUSTANG PROJECT TRANSACTIONS

*Unless otherwise defined, all capitalised terms shall bear the same meanings as the announcements released by Alpha Energy Holdings Limited (the “**Company**”) on 21 March 2018, 3 July 2018, 4 July 2018, 29 September 2018, 2 November 2018 and 3 January 2019 (the “**Previous Announcements**”).*

1. INTRODUCTION

- 1.1 The board of directors of the Company (the “**Board**”) refers to the Previous Announcements and wishes to announce that PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**” or “**Financial Adviser**”) the continuing sponsor and financial adviser to the Company in relation to the Proposed TPNSD Acquisition, the Proposed MOC 1 and MRLLC Acquisitions from AIDEA, and the Proposed CES MOC 1 Transaction (the “**Proposed Acquisitions**”), had on behalf of the Company made an application to the SGX-ST on 3 December 2018 (followed by subsequent updates and correspondences thereafter) to seek the SGX-ST’s no objection to the waiver from compliance with Catalist Rule 1015 in respect of the Mustang Project Transactions (“**Waiver Application**”) and that the Mustang Project Transactions be considered as a “major transaction” and only be subject to the requirements of Rule 1014 of the Catalist Rules notwithstanding that the relative figures computed based on Rule 1006(b) of the Catalist Rules in aggregate exceed 100%.

2. BASES FOR SEEKING THE WAIVER APPLICATION

- 2.1 The bases for seeking the Waiver Application are as follows:

(a) **The Proposed Acquisitions do not change the core business of the Group;**

The Group is principally engaged in oil development and exploration and this would not change subsequent to Completion. The Proposed Acquisitions are essentially the acquisition of additional working interest by the Group of its existing asset, the Mustang Field, and the remaining assets to be acquired are either of a complementary nature or are immaterial.

The acquisition of the processing facility, the gravel pad and the Mustang road (collectively the “**Complementary Assets**”) are necessary infrastructure for the full development and operations of the Mustang Field, for reasons as stated in the following paragraph.

The processing facility, currently 40% constructed, is expected to come on line after January 2022, has been designed specifically to cater to the operations of the Mustang Field, allowing the Group to process crude oil within the Mustang Field. The gravel pad is where the processing facility is being constructed. The Mustang road was constructed for the sole purpose of access to the Mustang Field to facilitate the construction of the processing facility and transportation of miscellaneous logistic supplies. The Mustang Road would generate revenue only as and when toll is charged

and there is no certainty on how much revenue is expected to be generated as usage is on an ad-hoc basis. Expenses generally comprises maintenance expenses, where required. The Processing Facility is expected to only generate revenue as and when there is oil production from the Mustang Field.

(b) **The Proposed Acquisitions do not materially change the existing Shareholders' interest in the Mustang Field;**

The Proposed Acquisitions to be entered into are essentially to align the interests of the Mustang Field's working interest owners by allowing them to hold their interests of the underlying assets via the Company instead of direct ownership of the underlying asset.

Interests of the existing Shareholders prior to the exercise will not change materially with the introduction of the TPNSD Beneficial Owners post-Completion. The effective interest, and accordingly the risk, of these existing Shareholders of the underlying asset, would remain relatively the same. The existing Shareholders, namely Ezion, Ang Yew Jin Eugene and together with the public Shareholders, collectively holds approximately 47.30% gross working interest and 52.50% paying interest prior to the proposed acquisition of working interests in the Mustang Field. Subsequent to the Proposed Acquisitions, the existing Shareholders will hold approximately 46.68% gross working interest and 51.80% paying interest in the Mustang Field. The resulting change in gross working interest and paying interest of the existing Shareholders are less than 1% with the introduction of TPNSD Beneficial Owners post-Completion.

(c) **There is no change in control and management of the Company subsequent to the Proposed Acquisitions;**

There will be no change in the control of the Company as stipulated under Rule 1015 of the Catalist Rules subsequent to Completion based on the following:

- (i) There will be no change in the controlling shareholder of the Company, which will continue to be Ezion whilst certain TPNSD Beneficial Owners, namely LTB, Augustus Trust¹ and Neo, will become substantial shareholders of the Company;
- (ii) The TPNSD Beneficial Owners and CES Oil Services may propose their nominees to the board or management in the Company. However, it is not expected to result in a change in control and management of the Company;
- (iii) There will be no change to the management and operations of the Mustang Field and the Complementary Assets subsequent to Completion; and
- (iv) The management of BRPC remains the same after Completion.

(d) **The aggregate relative figures for Rules 1006(b) and (c) of the Catalist Rules are not representative measures of the materiality of the Mustang Project Transactions;**

¹ As a point of clarification, in the announcement dated 29 September 2018, "Rubicon Trust" was stated as an intended recipient of certain TPNSD Consideration Shares as a beneficial owner of TPNSD. This has now been changed to "Augustus Trust" due to internal restructuring within TP Alaska.

The tests under Rules 1006(b) and (c) of the Catalyst Rules are not suitable measures as the material asset (and its accompanying losses) to be acquired under the Mustang Project Transactions is the same as the Group's current primary asset/business.

In addition, the Complementary Assets to be acquired are intended to be held as "property, plant and equipment" of the Group. The rationale for acquiring the legal entities (being MOC 1 and MRLLC) instead of the assets is that the tax credits recognized under these entities which are expected to be paid by the Alaskan state government only after the Completion which then will be utilised to offset MOC 1's borrowings secured by these tax credits. Subsequent to such payouts, the legal entities will be dissolved and the assets (being the Processing Facility, the Mustang Road and the Gravel Pad) will be held by the Group. As such, the financials of these legal entities bear little value to assess materiality of the Mustang Project Transactions.

The test under Rule 1006(c) of the Catalyst Rules, read together with Rule 1003(3) of the Catalyst Rules, is also not a suitable measure of materiality as the Company may have been undervalued by the market. The market capitalisation of the Company as at 12 September 2018 is less than the unaudited net asset value ("**NAV**") per share of the Company as at 12 September 2018. In addition, over the last 24 months prior to the date of the announcement dated 29 September 2018, has historically been lower than its audited net asset value.

- (e) **Shareholders have had timely access to material information on the Mustang Field and no new material information not already announced is expected to be derived from meeting the disclosure requirements under a very substantial acquisition; and**

The Group does not own any other material asset and its operations and business are solely focused on the developments of the Mustang Field. Since July 2014, the Group has been the largest working interest owner of the Mustang Field and this has allowed the Group to be privy to the ongoing developments of the Mustang Field.

Such information has been passed to Shareholders through the Company's periodic public updates on the history, business and status of developments/operations of the Mustang Field via the Company's annual reports, announcements and three (3) separate qualified person reports.

The additional disclosures for a "very substantial acquisition" are likely premised on, and intended to, address the information needs of a substantial new asset or business being introduced to the issuer and which changes the issuer's business operations and risk profile. This is not applicable to the Mustang Project Transactions.

As such, it would not be in the interests and benefit of the Company and the Shareholders if additional time and costs are incurred to comply with the disclosure requirements of a "very substantial acquisition".

- (f) **Relevant information on the Mustang Project Transactions will be disclosed in the circular required pursuant to a "Major Transaction".**

The Mustang Project Transactions will be subject to the approval of the Shareholders at an extraordinary general meeting to be convened and in accordance with the Catalyst Rules, the Company would be providing in its circular to Shareholders ("**Circular**") (i) an independent qualified person's report ("**IQPR**") in respect of the Mustang Field as

required under Catalist Rules 1014(2) and 1014(4) and (ii) a valuation report prepared by an independent qualified person in accordance with the SPE-PRMS pursuant to Catalist Rule 1014(2) that satisfies the requirements of Practice Note 4C of the Catalist Rules. The IQPR, together with the valuation report, would also fulfil the requirements stipulated under Rules 441 and 442 of the Catalist Rules.

In addition, the one year and six months pro-forma summary financial performance and financial position of the Group will be provided and reviewed by the Company's existing external auditors (namely, KPMG LLP) in accordance with *Singapore Standard of Assurance Engagements 3420*.

An Independent Financial Adviser (“**IFA**”), for the review of the Proposed CES MOC 1 Transaction as an interested person party transaction, has been appointed. The Audit Committee of the Company will disclose its views in the Circular on whether the Proposed CES MOC 1 Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

KPMG LLP will also carry out a review of the financials of MOC 1 as at 30 June 2018, in accordance to Singapore Standard on Review Engagements 2400, *Engagements to Review Historical Financial Statements*. As part of KPMG's review, the Company would also obtain an estimated value of MOC 1's assets under construction from a consultancy firm, with relevant experience in the oil and gas industry, to estimate the replacement costs for these MOC 1 assets.

The required disclosures pursuant to a “major transaction” as well as the additional disclosure of the pro-forma summary financial information of the Group subsequent to Completion would comprise all material information about the Mustang Project Transactions and would be sufficient information for Shareholders in making its voting decision on the Mustang Project Transactions.

3. SGX-ST WAIVER FROM COMPLIANCE WITH CATALIST RULE 1015

3.1 The Board is pleased to announce that the SGX-ST has, in its letter dated 8 February 2019 (the “**Waiver Confirmation**”), informed PPCF that it has no objections to granting a waiver from compliance with Catalist Rule 1015 by the Company in relation to the Mustang Project Transactions, subject to the following conditions:

- (a) the Company complying with Rule 1014 of the Catalist Rules in respect of the Mustang Project Transactions;
- (b) the Company announcing the Waiver, the reasons for seeking the Waiver, the conditions as required under Catalist Rule 106 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- (c) the Company, its Directors and its Executive Officers providing relevant statutory declarations in compliance with Catalist Rule 406(3)(a);
- (d) the Company providing the necessary working capital sufficiency statement for the present requirements and for at least 18 months after the Mustang Project Transactions are completed, pursuant to Rule 444 of the Catalist Rules;

- (e) the Company disclosing in the Circular on the means of funding for the Mustang Project Transactions; and
- (f) the Company disclosing in Circular on the relevant licences and approvals required to be obtained for the operation of the Mustang Field.

(the “**Waiver**”).

3.2 The Waiver from the SGX-ST was granted on the basis of the information provided to SGX-ST as outlined in this announcement. SGX-ST reserves the right to amend and/or vary the decision and such decision is subject to changes in the SGX-ST’s policies.

3.3 The Company will:

- (a) comply with Rule 1014 of the Catalist Rules in respect of the Mustang Project Transactions;
- (b) procure its Directors and Executive Officers to provide the relevant statutory declarations in compliance with Rule 406(3)(a) of the Catalist Rules;
- (c) provide in the Circular the necessary working capital sufficiency statement for the present requirements and for at least 18 months after the Mustang Project Transactions are completed, pursuant to Rule 444 of the Catalist Rules;
- (d) disclose in the Circular on the means of funding for the Mustang Project Transactions; and
- (e) disclose in the Circular on the relevant licences and approvals required to be obtained for the operation of the Mustang Field.

4. EXTRAORDINARY GENERAL MEETING

4.1 The Company will be seeking specific approval of its shareholders at an extraordinary general meeting (“**EGM**”) to be convened for the Mustang Project Transactions. A Circular containing the notice of the EGM and the details of the Mustang Project Transactions will be despatched to the Shareholders in due course.

5. MISCELLANEOUS

5.1 The Company will keep Shareholders updated via announcement on the SGXNet as and when there are any material updates in relation thereto including, upon the signing of any agreements relating to the Mustang Project Transactions.

6. CAUTION IN TRADING

6.1 Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
ALPHA ENERGY HOLDINGS LIMITED

Tan Wee Sin
Company Secretary
11 February 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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